

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 1396 – SB 1789**

February 25, 2014

**SUMMARY OF BILL:** Creates a restricted license for individuals who are not in compliance with child support obligations authorizing the limited operation of a motor vehicle to and from a person's regular place of employment. Establishes an administrative hearing procedure within the Department of Human Services (DHS) to determine eligibility for the restricted license. Eligibility requirements for the restricted license include the obligor is employed for at least 30 hours per week, lives more than one mile from his or her place of employment, and the employment is reasonably expected to contribute to bringing the obligor into compliance with the support order. Eligibility for the restricted license is effective for a term of six months and the obligor must prove eligibility for the restricted license at an administrative hearing every six months until meeting compliance with the support order.

Requires DHS to certify in writing or by electronic data exchange to the Department of Safety (DOS) that an obligor is not compliant with an order of support but is eligible for a restricted license if such a decision is issued after a hearing.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue - \$114,600/Recurring**

**Increase State Expenditures – \$45,900/One-Time  
\$1,005,300/Recurring**

**Increase Federal Expenditures - \$67,300/One-Time  
\$1,806,700/Recurring**

**Assumptions:**

- According to DHS, there were approximately 49,827 notices mailed in FY12-13 for noncompliance with child support orders. Of the notices mailed, 27,021 were individuals who were able to enter into payment arrangements or good cause was granted and 22,806 revocations of driver licenses were issued due to failure to pay child support. According to DHS, the appeals rate will be high for individuals to apply for a restricted license. Approximately 54 percent (27,021 / 49,827) of noncompliant obligors are able to appeal and not have a driver's license revoked.

- The department assumes 75 percent will appeal for a restricted license. Applied to the revocations in FY12-13, that would be approximately 17,105 (22,806 x .75) additional appeals hearings.
- According to the department, the average caseload for a hearing officer is 94 hearings per month. The department will need 15 additional hearing officers to account for the increase in appeals (17,105 appeals / 12 months / 94 hearings per month).
- It is estimated that 15 additional hearing officers will result in a recurring increase in expenditures of \$997,965 [15 officers x (\$58,681 salary and benefits + \$200 utilities + \$400 telephone + \$300 supplies + \$1,400 LAN/WAN + \$5,000 office space + \$550 networking access)] and one-time computer equipment costs of \$15,000 (\$1,000 x 15).
- According to the Department, current staffing patterns require one Attorney 4 to supervise ten hearing officers. There are currently 24 hearing officers and two attorney supervisors. It is estimated that two additional Attorney 4 positions will be required to manage the additional hearing officers resulting in a recurring increase in state expenditures of \$227,500 [2 positions x (\$105,900 salary and benefits + \$200 utilities + \$400 telephone + \$300 supplies + \$1,400 LAN/WAN + \$5,000 office space + \$550 networking access)] and one-time computer equipment costs of \$2,000 (\$1,000 x 2).
- According to DHS, the additional workload will result in one Attorney 3 position to assist with the appeals. The recurring increase in expenditures for the Attorney 3 position is \$102,950 (\$95,100 salary and benefits + \$200 utilities + \$400 telephone + \$300 supplies + \$1,400 LAN/WAN + \$5,000 office space + \$550 networking access) and one-time computer equipment costs of \$1,000.
- According to DHS, there are currently seven legal assistants on staff to assist in approximately 14,950 appeals each year. That averages approximately 178 appeals each month (14,950 appeals / 12 months / 7 assistants). With the additional 17,105 appeals, the department would need an additional eight legal assistants (17,105 appeals / 12 months / 178 per month).
- Eight legal assistant positions will result in an increase in recurring expenditures of \$528,400 [8 positions x (\$58,200 salary and benefits + \$200 utilities + \$400 telephone + \$300 supplies + \$1,400 LAN/WAN + \$5,000 office space + \$550 networking access)] and one-time computer equipment costs of \$8,000 (\$1,000 x 8).
- The department will also need two administrative services assistant positions resulting in an increase in recurring expenditures of \$116,700 [2 positions x (\$50,500 salary and benefits + \$200 utilities + \$400 telephone + \$300 supplies + \$1,400 LAN/WAN + \$5,000 office space + \$550 networking access)] and one-time computer equipment costs of \$2,000 (\$1,000 x 2).
- According to the Department, system changes to TCSES (Child Support) and ARTS (Appeals and Hearings) will result in a one-time increase in state expenditures in FY14-15 of \$74,000.
- According to the Department, postage costs of issuing additional Notices of Hearings and Initial Orders will result in a recurring increase of \$9.93 per case. It is estimated that the postage costs will result in recurring expenditures of \$169,852 (\$9.93 x 17,105).
- DHS currently contracts with the District Attorney's General Conference for support with appeals for child support cases. The department estimates DAs will assist with 70

percent of the appeals resulting in approximately 11,974 appeals per year (17,105 x 70.0%).

- DHS estimates approximately 2 hours of work per appeal resulting in the equivalent of 12 additional positions for the contracted work  $[(11,974 \times 2 \text{ hours}) / 52 \text{ weeks} / 37.5 \text{ hours per week}]$ . The increase in recurring expenditures for the contracted work will be \$594,000 (12 positions x \$49,500)
- The total recurring increase in expenditures to the Department is estimated to be \$2,737,367 (\$997,965 + \$227,500 + \$102,950 + \$528,400 + \$116,700 + \$169,852 + \$594,000). One-time expenditures are estimated to be \$102,000 [(28 positions x \$1,000 computers) + \$74,000 programing].
- Under the current child support enforcement grant, approximately 66 percent of the Child Support Program is federally funded; therefore of the recurring expenses \$930,705 will be state funds ( $\$2,737,367 \times 34.0\%$ ) and \$1,806,662 will be federal funds ( $\$2,737,367 \times 66.0\%$ ). The one-time state expenditures will be \$34,680 ( $\$102,000 \times 34.0\%$ ) and the one-time federal expenditures will be \$67,320 ( $\$102,000 \times 66.0\%$ ).
- According to DHS, there is no way to estimate how many of the appeals will be issued a restricted license because of the burden of proof on the obligor and the standard for an administrative hearing is different for the proposed restricted license than the current standard for a license revocation.
- The Department of Safety and Homeland Security (DOSHS) assumes that at least 1,000 individuals would receive a restricted license.
- For the purpose of this analysis, it is assumed that at least 10 percent of the appeals, or 1,711 ( $17,105 \times .10$ ), will be issued a restricted license.
- Each of the 1,711 drivers will pay a \$67 fee resulting in an increase in revenue of \$114,637 ( $\$67 \times 1,711 \text{ licenses}$ ).
- According to DOSHS, each application would be sent to Nashville for manual review and processing to determine if the driver can be issued the license. If the license is issued, the restricted license would be mailed to the driver. If not, the driver would be sent a letter advising reason of the denial and to surrender any temporary license.
- The bill requires the obligor to prove eligibility every six months, therefore reviews and processing of the applications will occur twice each year for an average of 66 applications per week  $[(1,711 \text{ licenses} \times 2 \text{ per year}) / 52 \text{ weeks}]$ .
- It is estimated that establishing a restricted license for child support obligors will require two additional Safety Examiner 1 positions to review and issue restricted licenses resulting in a recurring increase of \$74,632 [2 positions x (\$31,116 salary and benefits + \$6,200 office space, communications, and supplies) and a one-time increase of \$11,200 [2 positions x (\$3,000 office landscaping + \$2,600 computer/printer/software) in each fiscal year.
- There are approximately 41 full service DOSHS Driver Service Centers in the state. It is estimated that current staffing at service centers in the state can accommodate additional applications within existing resources without an increased appropriation or reduced reversion.
- According to the Administrative Office of the Courts, the bill could affect the number of appeals filed in response to an administrative order and could affect the number of prosecutions pursued as a result of violating the terms of a revoked or suspended license or a restricted license. However, any increase in caseloads can be

accommodated within existing judicial resources without an increased appropriation or reduced reversion.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/kml